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Congress Enacts A Planned Economy (For Sugar)

In the uproar over sugar lobbying, public attention has been focussed, characteristically, on the smallest of the feasting fleas, those Washington "representatives" who pick up a few thousand dollars on the edges of this rich and sticky mess, and perhaps share a few contingent-fee globules with their friends in Congress. Even among the lobbyists, the spotlight has picked out the least important, those who try to get some share of the huge subsidized American sugar market for Latin American and other foreign countries. The bigger men and the bigger issues remain in the obscure background. The public has little comprehension of the process by which a combination of sugar interests has arranged and divided up a guaranteed take of some two and a half billion dollars above the world market during the next five years at the expense of the consumer.

No European Cartel So Complete

The Sugar Bill is a triumph of planned economy, brought about by the firmest public champions of free enterprise. In the final hours of House action, Mr. Wickersham of Oklahoma asked plaintively whether under its provisions there was any chance for a new beet sugar mill in his part of the country. "I cannot tell you where any new refinery may be built," Mr. Cooley of North Carolina, chairman of the Agriculture Committee and major domo of the sugar combine replied. "We did not fix the location of the mills." They did fix just about everything else: prices, production, imports and foreign sources of supply; a half billion dollar a year tax on consumers; the rate of expansion for this industrial-agricultural complex. No European cartel was ever more complete than this one. The bill was the culmination of a year's behind scenes bargaining among the sugar interests themselves, and then between them and the Administration, ending with the latter's defeat.

The bill is the most open and advanced example of the extent to which ours has become a *political* economy, and enables us to see how much of the nation's wealth is distributed and amassed by the shrewd manipulation of the governmental process. A Horatio Alger hero would most quickly rise from rags to riches today by learning his way through this legislative labyrinth where it is impossible to disentangle government in business from business in government, a network of subsidies, controls, contracts and tax gimmicks where the big money is now to be made. It was satisfyingly symbolic that the floor manager of the Sugar Bill in the Senate should have been the multimillionaire oil and uranium Senator, Kerr of Oklahoma. His own wealth is the best illustration, resting as it does on the twin governmental pillars of tax depletion allowances for oil and the booming market the arms and space races have created for uranium. He protects the former from his dominant position on the Senate Finance Committee, which shapes the tax structure, and the latter from his chairmanship of the Senate Space Committee, which has an inside track on the race to the moon. There is sugar everywhere.

The way the Sugar Bill was written resembles the corporate state practices Italy knew under Mussolini. All the main economic interests with one exception got together and between themselves decided how best to rig and divide the sugar market: refiners, industrial consumers (Coca Cola and Hershey are examples), beet sugar mill concerns, and the cane and beet growers, in that descending order of importance. Their decision was given a bipartisan stamp of approval in both Houses. The only interest not consulted was the one whose protection provided the New Deal's main excuse for establishing this government approved cartel for sugar a generation ago. The still forgotten men of these lucrative arrangements are the 220,000 mostly seasonal and migratory laborers who work the nation's 45,000 cane and beet farms, the nearest thing to peons in our affluent society. When FDR launched this experiment in the 30's, the main excuse for the subsidies to be paid the sugar farmers was the requirement that they pay not just minimum but "fair and reasonable" wages. But except in Hawaii, where Harry Bridges' longshoremen organized the sugar plantations and forced into being the best paying and most efficient sugar farms in the world, sugar farm workers are paid much less than the minimum wage.

An effort to amend the bill to make the Fair Labor Standards Act applicable was blocked in the House and defeated in the Senate almost two to one, the fight against a $1.15 an hour for sugar field workers being led appropriately enough by

(*Continued on Page Four*)

Thought for A Higher Altitude

Suppose the Russians announced that they had an overwhelming edge on us in nuclear firepower, and intended to keep it that way. Suppose they followed this up with a speech saying they had enough power if necessary to destroy our armed forces and still keep enough in reserve to wipe out our cities, too, if we dared hit back at theirs. Suppose, over protests from scientists on their side as well as ours, they then went ahead with high altitude tests affecting the Van Allen Belt. Suppose those high altitude tests were designed to find a way to disrupt the radar and radio communications which might otherwise give the victim of a surprise attack a few minutes advance warning. Suppose the tests also seemed to be looking for a way to black out the other side's defenses before a nuclear strike. . . . We wonder whether, if the roles were reversed, Americans would take all this calmly as scientific experimentation, nothing more.

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One Way to Resolve the U.S.-Mexican Dispute Over That Joint Communique on Cuba

The New Frontier Now Wants to Be Thought Of As Only Moderately New

Perhaps "Standpat" Next? To give President Kennedy his due," says the *New York Daily News* (July 4) which rarely does, "last January, by intuition, he felt a conservative swing was under way. So at that time he let it be known that he preferred to have his Administration labelled 'progressive' and not 'liberal'. In the last two weeks the word has been passed from those who should know that the Kennedy regime now goes for the tag 'moderate' instead of 'progressive.'" . . . *It Depends on Who's Doing the Intervening:* A dispute has arisen over the Kennedy-Lopez communique. The Mexicans see it as a victory for their hands-off policy toward Cuba, since it opposes intervention "whether . . . from a continental or extra-continental state." The U.S. press read it as a warning to Moscow. The dispute is easily resolved if one keeps in mind that "non-intervention" has a common Orwellian meaning in Washington and Moscow. Each is resolutely opposed to intervention by the other in its own sphere of influence.

International (Private) Collectivism

Cartel In Action: Note the uniform 5% cuts in copper output being imposed by the great corporations which mine this metal and between themselves control prices and production. The *Wall St. Journal* (July 5) reported that Union Minière du Haut Katanga, the big Congo producer had just announced a 5% cut in output on the heels of similar announcements by the two big copper companies across the border in Northern Rhodesia, by Phelps Dodge in the U.S. and by Noranda Mines, Ltd., in Canada. *Aluminum, Too:* The sharp-eyed will have noticed, too, that after Canada devalued its dollar to stimulate its exports, Aluminium, Ltd., Canadian twin of our Alcoa, revised its price upward to wipe out the difference and keep it in line with world aluminum cartel prices. This private action erased the advantage to Canada in an important item of export. . . . *Belgium and the Congo:* The London *Observer* (July 1) in an article on "Money Behind Tshombe" says Belgium's largest holding company, the legendary Société Generale, one of the main stockholders in the Katanga copper company also controls about 26% of the industrial output of Belgium, a fourth of its coal, a third of its steel and three-fourths of its non-ferrous metals. A third of the holding company's profits still come from Katanga's copper. Legally speaking the largest single stockholder in Union Minière is the government of the Congo but Tshombe gets the dividends.

Who Cares If Some People Get Fleeced

"The agency [SEC] proceeds warily in its prolonged study of the securities field, to avoid accusations that public disclosure of questionable practices frightens investors. . . . New York's influential Sen. Javits serves notice he'd seek Senate investigation of the SEC's investigation if the latter precipitated a drop in the market." —*Wall Street Journal, July 6.*

One Way to End the Red Menace

Marxism-Leninism's Last U.S. Bulwark: Last March 6, Attorney General Robert F. Kennedy told the Advertising Council, the Communists "have absolutely no following in this country." But J. Edgar Hoover informed the House Appropriations Committee this year as usual that while the number of Communists has been declining since 1945, "We should not be lulled into a sense of security" because of their small numbers. Mr. Hoover said he had 185 suspected Communist front groups—no less—under surveillance; any politically sophisticated observer today would be hard put to name more than half a dozen which could properly be termed Communist fronts. In a way it is comforting to read Mr. Hoover's annual testimony; he is the Left's Last Optimist; nobody else seems to think the Left in America is still thriving. Even by his figures, however, the number of FBI-men is overtaking the number of Communists. He still figures 10,000 party members (though the best informed guesses on the Left put the number at less than 5,000). As against this there are 6,000 FBI agents and Mr. Hoover is asking 145 more. Since many of these are assigned to duty as members of the Communist party and this number does not include the many informers, it is quite possible that J. Edgar Hoover now commands a majority in the C. P. One reader suggests that Mr. Hoover use his voting strength at the party's next convention to vote that it dissolve. That might end the Red Menace but think of what it would do to the FBI.

Diem's Follies Include Pressure on His Officers to Become Roman Catholic

Congress is supposed to share the war-making power of the President; the Senate, the making of foreign policy. If both were not numbed there would be public hearings in the wake of the story Bem Price of the Associated Press filed from Fort Leavenworth, Kansas, last week-end. His interviews with officers just returned from South Vietnam, and the weak efforts of Secretary of State Rusk and U.S. Army Chief of Staff Decker to brush them off next day, ought to be given a full airing before the Senate Foreign Relations Committee. Secretary Rusk's assurances on ABC's TV "Issues and Answers" that the war was going well recalls those on which the French were fed for years before they finally had to get out of Indochina. Gen. Decker's statement that the AP interviews do not "represent official Army thinking" will only confirm derisive prejudices about official Army thinking.

The Washington Star July 8 ran the fullest version of the Price story. One of the passages omitted by the New York Times dealt with the pressure imposed by Diem on his officers to join the Catholic Church although the Vietnamese "identify Catholicism with the French occupation" and most of the people are Taoist. An intelligence officer was quoted as saying that the negroid hill tribes are treated as outcasts by Diem's regime while the Viet Cong help them. As a result their jungle area is a guerrilla haven. Despite U.S. urging the Diem regime has only made half-hearted efforts to win them over. Officers also complained that Diem's forces were split into three separate commands which often do not cooperate and attributed this to his fear that "a provincial leader might emerge who could challenge his power."

Bem Price wrote that despite reports of increasing anti guerrilla activities "the officers did not feel the effectiveness of the Viet Cong guerrilla forces had been impaired too much." All the returned officers appeared to be "convinced that South Viet Nam will be a ten-year war of attrition, and the public might as well become accustomed to the idea because there will be Americans killed from time to time." Wouldn't it be better to look for a peaceful way out?

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Significant Press Conference Responses To Which Too Little Attention Was Paid

Are JFK and Mc Namara Cooling Off on That Save-the-Cities Strategy?

The Administration seems to be cooling off on that glamorour Air Force "save the cities" counter-force strategy, or How to Fight A Thermonuclear War Without Getting Hurt. At his press conference July 5, Mr. Kennedy dodged the question of counter-force strategy. A reporter pointed out that Mr. Kennedy had made lessening tension with the USSR one of his prime interests. Mr. Khrushchev had declared Mr. McNamara's counter-force speech at Ann Arbor embodied an aggressive policy. Did Mr. Kennedy "see any conflict between the two?" To this Mr. Kennedy replied that the purpose of Mr. McNamara's speech was "to discourage the expansion of national deterrents . . . as inimical to the cause of peace. So that," Mr. Kennedy continued, "I regarded it in that sense as constructive and, *if read from that point of view,* I would hope that others would so regard it." (Our italics).

Mr. McNamara Back-Tracks, Too

Next day at the press conference held by Secretary McNamara, the following colloquy took place:

Q. Mr. Secretary, I think on the 17th of November last year, about the time the Department took over Civil Defense, you said something to the effect that you were not one who believed that cities would be spared in a nuclear war and in Ann Arbor last month you put forth a spare-the-cities formula for nuclear war. Could you tell us what brought about this change of heart?

McNamara: I don't believe there has been a change of heart. What I said a year ago and what I believe today is that we can't be certain how a nuclear war would be fought. We must have a flexible strategy. What I said in Ann Arbor was that our capabilities are such as to permit the application of a flexible second strike strategy.

Q. Mr. Secretary, you said in your speech also that you would give the enemy an incentive not to hit our cities by not hitting his, but being capable of hitting his if we wanted to. Now you say we would not necessarily do this. Under what circumstances would we not want to give the enemy an incentive to spare our cities?

McNamara: We are verging now on discussion of war plans and I don't believe it is appropriate to discuss those in any more detail than I have already. I simply want to emphasize we have the capabilities to support a flexible strategy.

This hardly answers the question about "change of heart". At his press conference last Nov. 17 Mr. McNamara said, "I think it is at least as likely that our cities would be attacked as that our military targets would be attacked. I don't share the views of some that only the military installations would be targeted." But in his Ann Arbor speech June 16 Mr. McNamara seemed to have come around to this point of view. He spoke of "a strategy of controlled response" which instead of hitting cities would strike at military forces. This was hailed in the headlines as applying Marquis of Queensbury rules to thermonuclear war. But second thoughts seem to be creeping up on this bright idiocy.

THE OTHER GUILTY IN THE FAULK CASE: The $3,500,000 verdict in the John Henry Faulk suit has been upheld. Murray Kempton in his matchless *New York Post* column (July 6) recalled that at the trial "CBS alone testified that there had never been a blacklist." He revealed that when Faulk filed his suit in 1956, an unnamed CBS TV personality "told Faulk he was sure CBS would find it to its interest to finance the suit. He called [CBS President] Frank Stanton, and to his shock was told that CBS certainly would not." Shortly afterward CBS fired Faulk. "If the jury had believed CBS's witnesses," Kempton commented, "Faulk would have had no real basis to sue for damages to anything but his good name." . . . The *Washington Post* in an editorial (July 5) on the Faulk verdict commented, "The Un-American Activities Committee . . . is itself the grand fountainhead of blacklisting, feeding such publications as 'Aware' from its voluminous unchecked files." . . . And at this point we record with pleasure the reversal by the Court of Appeals here last week of Martin Popper's conviction for contempt of the Committee.

Doctors Strike Seen Paving the Way for Socialized Medicine In Canada—and Here

"One week ago today in Saskatchewan, Canada, the private practice of medicine as we have known it for hundreds of years on this continent was dealt a blow from which it will never recover. . . . The doctors strike is doomed to failure. The government, foreseeing the exodus, long ago began a recruitment drive in Great Britain. . . .

"The average income of a Saskatchewan doctor in 1959 was slightly over $18,000 a year. The Saskatchewan government is promising immigrant physicians an income of $10,000. Even this is more than the average doctor makes in England. In Saskatchewan a doctor who cooperates with the government plan will never again go unpaid. He will, in fact, never again have to send a bill. He will receive payment for every service he performs. . . . He will make more money than he has in the past. . . .

"This [CCF] party, an ultra-liberal coalition of farmers and labor unions, is gambling its future on the success of socialized medicine in Saskatchewan. . . . In the Canadian political campaign a few months ago, every major party had a platform offering some type of socialized medicine.

"Before leaving Regina capital of Saskatchewan three days ago, I had dinner with three top government officials. 'How long will it be before your medical care insurance act is picked up by every province in Canada,' I asked. 'Five years,' they said. 'How long will it be before it seeps down into the United States?'

" 'Ten years,' they said, 'and it will make its first appearance in California.' "

—Harry Nelson, medical editor of the Los Angeles Times, in the Washington Post July 8.

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How Tad Szulc and the New York Times Frightened Dodd and Eastland

(*Continued from Page One*)

Senator Kerr. Though it was estimated that the McCarthy amendment for this purpose would cost in increased wages only about $30,000,000 a year, as compared with the industry's half billion dollar annual subsidy, even liberal Democrats like Fulbright, Jackson, Proxmire and Yarborough voted against it. As a result field workers in this most highly subsidized of all American industries will continue to get 60 cents an hour in Louisiana while *braceros* from Mexico in the lettuce fields of California must be paid $1 an hour. The sugar farmers are under no legal compulsion either to pay the minimum wage or to bargain collectively with their employes. The reforms we ask from Latin America under the *Alianza para progreso* for agricultural workers will still be denied at home in our own sugar fields.

The Same Congress Voted Freer Trade

The Administration, won over by Fulbright and Douglas, wanted to buy on the world market on a first come, first served basis, the sugar we used to buy from Cuba. The difference between the world price and the domestic was to accrue to the Treasury for use in the Latin American aid program. The sugar cartel preferred to fix quotas for foreign countries and pay the premium to foreign companies. For this, it had several motives. To allow part of the supply to be bought at world prices would have made the protected domestic price "stick out," as Cooley said, "like a sore thumb." If we bought raw sugar on the world market, it would be harder to defend that provision of the new bill which bars refined sugar from abroad altogether, a lush tidbit for our refiners. Fixed quotas and premiums for foreign suppliers also provide a guaranteed market for American investors in Latin American sugar companies, and encourage sugar colonialism like that which we once enjoyed in Cuba.

The combine had its way in Congress, though this system of encouraging a high cost unnatural product at home and the colonial system in Latin America is in sharp contrast with the supposed free trade principles embodied only a few days earlier in the new trade bill. But that won approval not because of free trade theory but to push open the doors for ourselves to the protected rich man's club being created in the European common market. A similar paradox was Congressional rejection a few days earlier of the Administration's farm bill, with much milder controls than the sugar bill's, as "regimentation." The explanation is that the former would have cut back on subsidized farm surpluses while the latter opens the way to expansion of subsidized beet sugar production. Who says we're not a pragmatic people?

The final cute trick was to be an investigation of the sugar lobby by its friends. Eastland and Dodd rushed out to short-circuit with an inquiry of their own the investigation launched by Fulbright and Senate Foreign Relations. It was at this point that Tad Szulc and the *New York Times,* to their credit, came to the rescue. The fact that Dodd had been a registered foreign agent for Guatemala, hitherto publicized unheeded by Drew Pearson and the *Weekly,* suddenly appeared on page one of the *New York Times,* along with information on the sugar lobbying role of Dodd's former partner, Sheldon Z. Kaplan, for a hitherto non-existent Guatemalan sugar industry. Dodd decided he was too busy after all to investigate sugar lobbying. The indefatigable Szulc, our best Latin American reporter, also came up with fresh pay dirt from the secret archives of the Dominican Republic under Trujillo. Though his paper published Szulc's story belatedly (and apparently dismembered and disjointed by nervous lawyers), the possibility of more to come seems also to have worried Eastland. Trujillo was his pin-up boy. So Eastland bowed out, too, leaving the field free to Fulbright. A great potential for public enlightenment is now in his discerning hands. But the most important part of the picture is this extension of high protectionism and mercantilism, even in a tropical product like sugar, which takes bread from the mouths of the very people the Alliance for Progress is supposed to help.

Words No One Heeded

"Either we believe in capitalism and freedom of individual enterprise or we do not, and we do not if we hold with massive Government intervention to distort and freeze the market. If we look to Government to rig the game, we may as well look to it to play the hand."

—From a speech by Sec'y of State Rusk quoted by Rep. Findley (D. Ill.) against the sugar bill, June 18.

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